

IBM Institute for Business Value

## Benchmarking data reveals pharmaceutical industry not connecting social media data with marketing strategies



*Opportunities to get closer to the customer using insights from data through analytics*

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### Overview

The IBM Institute for Business Value provides a business process benchmarking service that helps clients measure their current state and compare their performance against peers; these benchmarking services can be provided as part of a process transformation initiative or similar engagement.

A recent benchmarking program survey of 800 sales and marketing managers (including 88 executives from the pharma industry) provided insights about their organizations' practices and performance. Statistical analysis of the data provides an indication of the benefits an organization can gain through superior cross-channel visibility into customer interactions.

Separately, IBM conducted interviews with more than 1,700 Chief Marketing Officers (CMOs) (including 51 respondents from pharma and other life sciences companies) to capture key issues and trends they are facing, and how they are responding to those challenges. This paper references some of the key findings from the CMO Study related to complexity, use of data to manage relationships rather than transaction and the explosion of data.

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### Introduction

A recent study by the IBM institute for Business Value, "Fade or Flourish: Rethinking the role of life sciences companies in the health-care ecosystem", found that the commercial model that the pharmaceutical (pharma) industry has used for the past half-century is undergoing significant change. The current approach is almost entirely limited to face-to-face access to the healthcare professional and this is becoming prohibitively expensive.<sup>1</sup>

Most pharma companies have started alternative channels such as the internet but continue to rely on push marketing rather than creating a continuous dialogue with their customers about the issues those individuals want to discuss.<sup>2</sup> In addition, the content on hundreds of disconnected websites is often static, out-of-date and unidirectional. Used in this fashion, the web is not a particularly effective vehicle for assisting with sales and marketing.

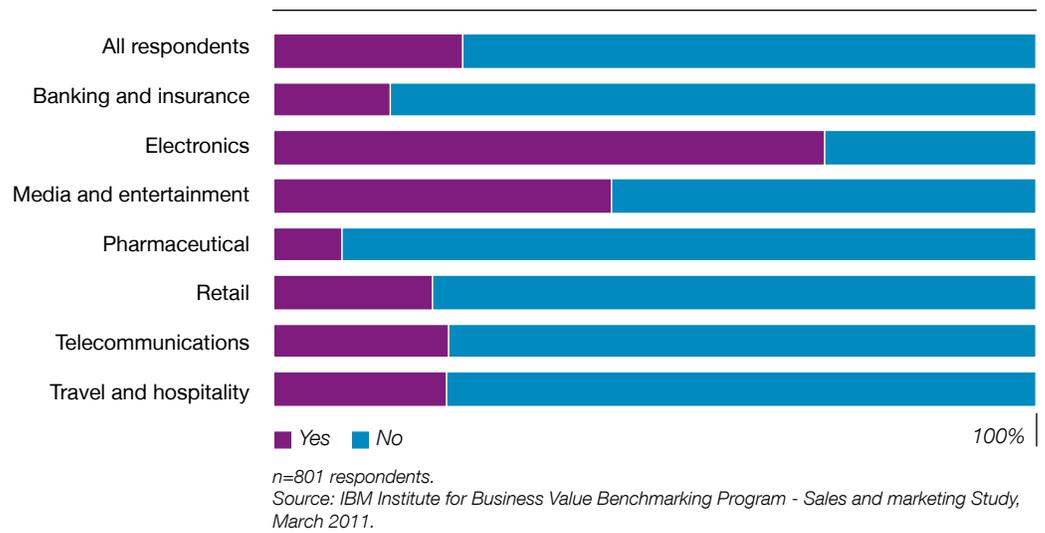
The use of social media can provide pharma companies with a wealth of customer generated content which, when retrieved and analyzed, is rich input to their sales and marketing strategies. However, the 2012 IBM Chief Marketing Officer (CMO) study,<sup>3</sup> showed that 100 percent of life sciences CMOs felt underprepared to deal with this explosion of data. In addition, the majority of those interviewed from life sciences (including pharma) companies (90 percent) are anxious about managing the impact of social media. Interestingly though, approximately 73 percent of them indicated they are planning to increase the use of social media technology over the next three to five years to manage big data and about 35 percent are actually planning to measure marketing success using social media metrics.



So where is the industry today in its use of social media?

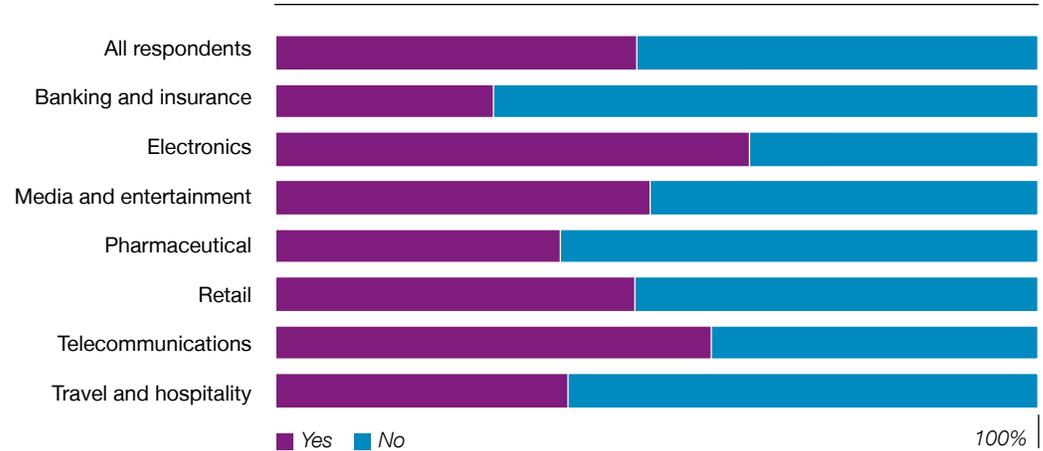
### Benchmarking social media in the pharma industry

In a benchmarking survey conducted by IBM in early 2011, eight hundred sales and marketing managers (including 88 from pharma companies) were surveyed, providing information about their organizations' key practices and performance indicators. Statistical analysis of the data revealed that pharma is lagging behind other industries in its use of social media. (see Figure 1).<sup>4</sup>



**Figure 1: Does your company engage potential or current customers via social media?**

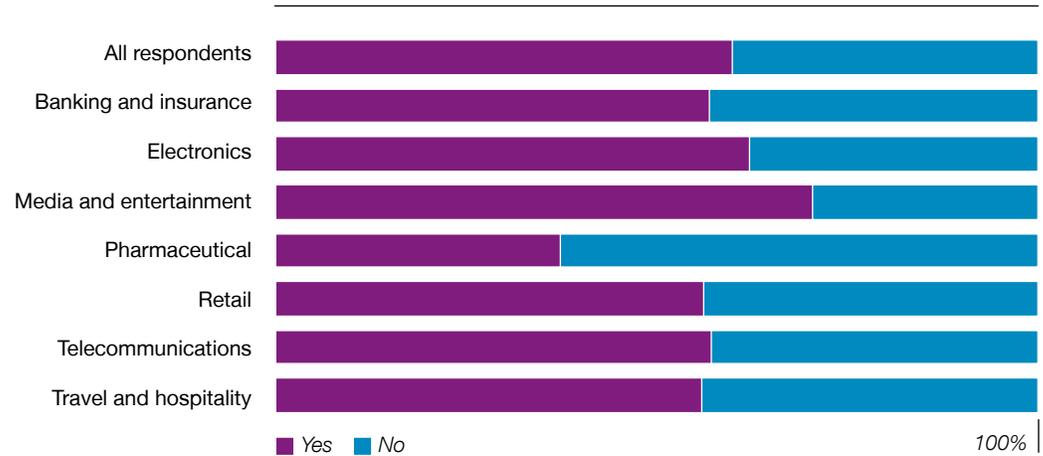
We then asked respondents who currently engage in using social media if they had a governance model in place for its use (see Figure 2). Only a third of the pharma respondents said they had a governance model compared with half of all respondents from all industries.



*n= subset of 199 respondents who already do use social media.  
 Source: IBM Institute for Business Value Benchmarking Program - Sales and marketing Study, March 2011.*

**Figure 2: For those organizations who engage with customers using social media, is there a governance model for social media?**

Finally, the study indicated that the pharma industry is making less use of capturing customer data via social media and using this as input to their marketing strategy. Compared to other industries (see Figure 3), pharma had only a third of respondents who are embedding social media in their go-to-market strategy.



*n= subset of 199 respondents who already do use social media.  
 Source: IBM Institute for Business Value Benchmarking Program - Sales and marketing Study, March 2011.*

**Figure 3: For those organizations who engage with customers using social media, is customer data captured via social media used as input to marketing strategy?**

## Potential challenges to using social media in pharma

Having a presence on social media sites does not necessarily mean *using* social media. However, with an industry that is tightly regulated like pharma, companies wishing to engage in social media need to get it “right” as there are inherent risks when they get it “wrong.” The recent case of Bayer being reprimanded for promoting prescription medication on Twitter highlights the fact that companies in the pharma industry need a better governance model to ensure they use social media responsibly.<sup>5</sup>

So what is stopping the wider adoption of social media by the pharma industry?

- Little or no guidelines set by governing bodies such as the U.S. Food and Drug Administration (FDA):
  - The FDA started the process of setting up guidelines for the industry some two years ago and covered: responding to unsolicited requests; fulfilling regulatory requirements when using tools associated with space limitations; fulfilling post-marketing submission requirements; online communications for which manufacturers, packers, or distributors are accountable; use of links on the internet and correcting misinformation.<sup>6</sup> These guidelines have been delayed though a draft addressing “responding to unsolicited requests” was issued in late 2011. As a result of this delay, many companies have held back from implementing social media guidelines. Some have implemented local guidance in countries whose regulators have already put out codes of practice such as in the United Kingdom<sup>7</sup> but most have yet to roll out guidelines globally.
- Ability to monitor discussions – such as negative side effects of certain drugs and unsolicited opinions from non-professionals on medication – which may damage the brand of the pharma company and must be reported to the FDA.
- Ability to decide what information to share with whom, e.g. patients, physicians and media.
- Patient trust and confidence that the information provided by pharma companies through social media is to inform and not promote their drugs.

## What can the pharma industry do with social media today?

Pharma companies need to be proactive and develop and comply with their own social media interaction guidelines while those of the FDA are being further developed and finalized. They should set up a transparent social media policy with supporting governance structure that:

- Provides clarity around knowledge exchange and intellectual property guidelines
- Ensures that both corporate and community security and information is respected and protected
- Outlines role and responsibilities for the employees and sets out guidelines for employees on social media *do's and don'ts*
- Includes communication and training for manager and employees
- Includes a regular risk review process

Many companies are already maintaining a presence on social media sites

Facebook	Twitter	YouTube	LinkedIn	Flickr	Google+
AstraZeneca	AstraZeneca	AstraZeneca	AstraZeneca	GlaxoSmithKline	Pfizer
GlaxoSmithKline	GlaxoSmithKline	Eli Lilly	Novartis	Novartis	Roche
Johnson&Johnson	Johnson&Johnson	GlaxoSmithKline	Pfizer		
Merck	Merck	Johnson&Johnson	Roche		
Novartis	Pfizer	Merck			
Pfizer	Roche	Novartis			
Roche		Pfizer			

Source: Pharma and Healthcare Social Media wiki: <http://www.doseofdigital.com/healthcare-pharma-social-media-wiki/>.<sup>8</sup>

But with governance in place, the pharma industry can get it “right” and use social media to:

- Provide more information on drugs, medication and supporting services to a targeted audience – right information and in the right context. For example, Janssen UK launched its psoriasis campaign on Facebook.<sup>9</sup>
- Provide information about research on new drugs to the general community.
- Educate the community about health issues/awareness and treatment. Eli Lilly & Company recently launched their “Lilly Health Channel” on YouTube featuring videos on health and wellness, employee, and more.<sup>10</sup>
- Deepen the connection with groups of patients and healthcare professionals, often through unbranded sites as in the case of the CML earth site which facilitates patients and caregivers with Chronic Myeloid Leukemia to connect.<sup>11</sup>
- Provide information on drug recalls more rapidly and to a wider audience than currently is the case.

## Conclusion

In general, patients and providers are becoming more empowered on the internet and social media is putting the control to its audience at a rapid pace. They are willing to interact with a pharma company using this channel if they believe it's to their benefit and that they can trust that company. So how can pharma companies utilize these digital channels to enhance their online presence and reach out to their target audiences? And what benefits can they expect to receive in return?

Pharma companies can use social platforms to mine data for brand monitoring and gain valuable customer insights for use in innovative marketing and services. In turn, this enables increased brand awareness and generates customer retention. It also can help improve patient adherence and detects and anticipates physician and patient information demand. User-generated content from patients and providers needs to be secured, retrieved, analyzed and maintained in a regulatory controlled manner. Companies then need to align the deep understanding of their audience gained from this big data with their marketing strategy.

Social media generates new channels for gaining customer and market insight to adapt towards a more customer-centric approach. Now is the time for pharma companies to act and embrace the social media and technology revolution and innovate by making it part of their enterprise marketing strategy without losing sight of their regulatory obligations. The value-add to pharma lies in analyzing, interpreting and acting on insights from the mass of data.

## The right partner for digital transformation

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## Notes and Sources

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